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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 001092

SIPDIS

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TAGS: PGOV PREL KDEM TW CH

SUBJECT: PRESIDENT MA SEEKS TO REGAIN POLITICAL FOOTING
WITH NEW PREMIER, CABINET

REF: TAIPEI 1042 AND PREVIOUS

Classified By: The Director for reasons 1.4 (b/d)

¶1. (C) On September 7, President Ma Ying-jeou accepted the resignation of Premier Liu Chao-shiuan and the entire Cabinet in a bold effort to regain his political footing after the Government's much-criticized typhoon response. Ma chose two savvy politicians to lead the new Cabinet, Kuomintang (KMT) Secretary-General Wu Den-yih as Premier and outgoing Taoyuan County Commissioner Eric Chu as Vice Premier. They represent a clean break from Liu and other Cabinet members who as academics and administrators had little experience in electoral politics. Wu is also known to have been an ardent supporter of Ma's bid for the presidency last year. With the reshuffle, Ma countered criticism that he was at times indecisive and that he had surrounded himself with like-minded officials who were highly educated but had little empathy with or understanding of the average voter.

THE PREMIER'S BOMBSHELL...

¶2. (C) Premier Liu Chao-shiuan surprised Taiwan when he announced September 7 that he and his entire Cabinet would resign to take responsibility for public dissatisfaction with the Government's response to Typhoon Morakot. In late August, Liu had announced a Cabinet reshuffle (reftel), but said it would be moderate in scope. Most political analysts expected Liu himself would stay on despite his low public approval ratings that approached single digits. Speaking to reporters, Liu said he had first offered to resign in mid-August, soon after the typhoon hit, but President Ma had urged him to stay on and oversee typhoon reconstruction. With the initial stage of the reconstruction work completed, the Premier said he had offered to resign again over the weekend and the President accepted.

...AND HIS REPLACEMENT

¶3. (C) The Presidential Office quickly announced Wu Den-yih, Secretary General and Vice Chairman of the ruling KMT, would take over as Premier on September 10. It named Eric Chu, the outgoing Taoyuan County Magistrate, as the new Vice Premier. Unlike Premier Liu, who never held elective office, both Wu and Chu have been elected to the Legislative Yuan and to local office. Wu, for example, was elected to the Legislative Yuan three times and served as Taipei City councillor, Nantou County commissioner and Kaohsiung mayor. Chu, 48, is considered one of the KMT's most popular and charismatic politicians and is viewed by many as a likely presidential candidate in 2016. As a former journalist, Wu

maintains good relations with the media and should be an effective spokesman for Government policies, according to political analyst Lo Chih-cheng. Wu also is Taiwan-born and speaks fluent Taiwanese, whereas the outgoing premier was born on mainland China and does not speak the local dialect. When newly appointed as KMT Secretary-General in 2007, Wu told the media his main mission was to support Ma in his bid for the presidency. Still, choosing Wu is not without risks: Lo echoed media reports when he said the new Premier has had prickly relationships with several KMT colleagues and also has been particularly hostile to the opposition Democratic Progressive Party (DPP).

¶14. (C) There was no immediate word on how many Ministers would be reappointed when the new Cabinet is announced on September 10. Taiwan media have speculated most members would remain, although Lo thought the turnover would be greater than expected. Among the top officials most frequently named as likely to go are Executive Yuan Secretary General Steven Hsieh, Vice Foreign Minister Andrew Hsia, Defense Minister Chen Chao-min, Interior Minister Liao Liao-yi, Minister of Economic Affairs Yiin Chii-ming, Education Minister Cheng Jui-cheng, and Foreign Minister Francisco Ou. In what may be a signal of looming change, Defense Minister Chen and Economic Affairs Minister Yiin both contacted AIT on the morning of September 8 to cancel the Director's introductory calls on them scheduled later in the day.

INITIAL POLLING A BIT BETTER

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¶15. (SBU) Instant public opinion polls indicated a somewhat favorable view of the latest political developments. Fifty-seven percent of respondents to a United Daily News poll expressed support for the full Cabinet resignation. Ma's own numbers rose, with 34 percent of respondents expressing satisfaction with his performance, up from 29 percent after Typhoon Morakot hit in early August. The new Cabinet leaders did better: some 41 percent of respondents expressed satisfaction with the appointment of Wu as premier and 53 percent supported Chu as vice premier. In a poll by TVBS television, two-fifths of respondents supported Wu compared to one-quarter who did not, and three-fifths believed Chu was a competent choice compared to just 12 percent who did not. The Taiwan stock market rose more than 1 percent.

COMMENT: A FRESH BEGINNING FOR MA?

¶16. (C) In accepting Liu's resignation, President Ma acknowledged that a minor Cabinet reshuffle would not have placated a public angered by his Government's missteps and perceived lack of empathy with victims in the immediate typhoon aftermath. As explained in a United Daily News editorial praising the President's decision: "At this time President Ma could not expect to restore sour milk to its original condition, so he had to offer the people a new glass of fresh milk." The move, along with a decision late last month to allow the Dalai Lama to visit Taiwan over China's objections, answered critics who complained the president was indecisive and beholden to a few advisors who had strong academic and administrative experience but no political smarts. The ultimate scope of the shake-up, which won't be known until September 10, will determine how quickly Ma can recover the trust of voters that some analysts believe is needed for Ma to keep moving apace to improve relations with mainland China. Wu can be expected to strongly back Ma's cross-Strait policy but would need to moderate his hostility to the DPP to help broaden the policy's public support. In our interactions with Wu, we have found him to be very savvy

in his understanding of grassroots politics across Taiwan.
He also strikes us as a tough and decisive politician, albeit
a bit too direct at times.

STANTON